DOCUMENT RESUME

ED 081 432 JC 730 216

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TITLE	Financial Support for California Community Colleges.
INSTITUTION	California Community Colleges, Sacramento. Div. of Fiscal Affairs.
PUB DATE	5 Feb 73
NOTE	7p.
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	*Community Colleges; Educational Finance; *Financial Support; Post Secondary Education; School Funds; *State Aid; *State Programs; Tax Support; Technical Reports
IDENTIFIERS	*California

ABSTRACT

The following are discussed in their relationship to financial support for California's community colleges: background of State aid to community colleges; the State School Fund; terms used in computation; assessed valuation; assessed valuation per ADA; the Collier Factor; the foundation program; district aid; basic aid; equalization aid; small community college districts; census day; State aid apportionments; computation of State aid; district tax levies; amount of State apportionments; and State apportionments for capital outlay. (KM)

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FINANCIAL SUPPORT FOR CALIFORNIA COMMUNITY COLLEGES

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JC 730 216

(2/5/73)

FINANCIAL SUPPORT FOR CALIFORNIA COMMUNITY COLLEGES

Background

California has provided state support for Community Colleges since the first campus was established in Fresno in 1910. In 1921 the Legislature authorized the establishment of separate Community College districts and provided for an allocation to these districts of a flat sum of $2,000 per year, plus $100 for each unit of average daily attendance (ADA) if an additional $100 were provided from local funds. Community Colleges maintained by high school districts continued to receive the high school apportionment of $75 per unit of ADA without the flat grant.

In 1935 the Legislature reduced the $100 per ADA to $90 and in 1937 established a maximum district tax rate of 35¢ for Community College programs. State support remained at this level until 1946. Based on constitutional amendments, the Legislature in 1947 established new laws providing for state support based upon a foundation program. The foundation program provided for $200 per unit of ADA, with the state to contribute the difference between the proceeds of a local 20¢ tax and the $200. This legislation provided the foundation program concept under which Community Colleges presently operate, including the following components: district aid, basic aid, and equalization aid. There have been gradual increases in the foundation program and computational tax.

Legislation was adopted in 1953 to provide for separation of the ADA of regular classes and classes for adults and also to limit state aid for classes for adults to a maximum of $80 per ADA. In 1954 the Legislature established two categories of students: (1) those over 21 years of age enrolled in fewer than 10 class hours per week (defined adults) and (2) all other students.

In 1962 the Legislature eliminated the $2,000 flat grant to Community College districts and increased basic aid to the present $125 per ADA, the foundation program to $543, and the computational tax to 24¢. In 1963 the foundation program was increased to $570 and the computational tax to 25¢. In 1964 the foundation program was increased to $600 and in 1967 further increased to $628. In 1969 the foundation program was increased to $643 for other than adults with a 25¢ computational tax and to $520 for defined adults with a 24¢ computational tax. The Legislature included in the 1970-71 State Budget funds sufficient to provide an additional $19 per ADA to districts receiving equalization aid. State Budgets for fiscal years 1971-72 and 1972-73 provided funds to continue the $19 per ADA allocation. The $19 per ADA was discontinued for the 1973-74 fiscal year. In lieu thereof, the Legislature increased the foundation program to $663 and provided an additional $16 per ADA for allocation to equalization aid districts. The share provided by the state for Community Colleges is about one-third of the total financial support required. Community Colleges are considered a segment of public higher education in California.

State School Fund

The state apportions funds to Community College districts from the State School Fund, which are funds received from the State General Fund as follows: sales tax, bank and corporation tax, personal income tax, inheritance and gift tax, insurance tax, liquor tax and fees, horse-racing fees, and miscellaneous fees. None of the revenue is earmarked for education; however, the State Constitution provides that the public school system shall have first call on revenues available from state taxes.

Funds required for apportionment are transferred to the State School Fund from the General Fund on the basis of $278.92 per unit of ADA in all public schools and Community Colleges. The purpose of the formula is to insure that there are adequate funds in the State School Fund to allocate the required apportionments to county school offices and local districts maintaining elementary schools, high schools, and Community Colleges.

Terms Used in Computation

ADA is average daily attendance of students attending a Community College. Attendance is kept separately for the following six categories: (1) district students, (2) students residing in another Community College district, (3) nondistrict students residing in territory not part of any Community College district, (4) nonresident students (out-of-state), (5) defined adults, including those from other Community College districts, and (6) nondistrict adults residing in territory not part of any Community College district. State apportionment for nondistrict students and adults and nonresident students is limited to the $125 basic aid per ADA.

Assessed Valuation

Assessed valuation is an assignment by a county assessor of a value to each parcel of property, building, contents, as well as other personal property in the district. This valuation is based on a percentage of the true market value. The assessed valuation of a Community College district is composed of the valuations of three separate assessment rolls: secured property, unsecured property, and utility property. Secured and unsecured property rolls are determined by the county assessor and published in separate valuation amounts about June 15. The utility roll is determined by the State Board of Equalization and is published about August 15.

Assessed Valuation per ADA

The ratio of total assessed valuation to the number of students in attendance is the measure of local ability of a district to finance its education program, i.e, the factor that determines whether a district receives both basic aid and equalization aid or only basic aid.

Collier Factor

The Collier Factor is a figure applied to assessed valuations used in computing state aid to account for property being assessed above or below the statewide average. As an example, a factor of 0.97 would be applied to a district assessed valuation which is assessed 3 percent above the statewide average, and a factor of 1.03 would be applied to a district assessed valuation which is assessed 3 percent below the statewide average.

Foundation Program

The foundation program for students enrolled in graded Community College courses is a minimum guaranteed $663 per ADA, including local district aid, state basic and equalization aid. The purpose of the foundation program is to guarantee a minimum educational program for all Community College students regardless of the relative wealth of the Community College district in which they live. The foundation program for defined adults is $540. An additional $16 per ADA has been budgeted for fiscal year 1973-74 for allocation to districts receiving equalization aid.

District Aid

District aid is the local share of the foundation program. The local share is determined by multiplying the assessed valuation per ADA by the computational rate of 25¢ for each $100 of assessed valuation for regular pupils (24¢ to determine the allowance for defined adults).

Basic Aid

Basic aid is a flat guarantee of $125 per ADA ($120 constitutional requirement; $5 statutory requirement) apportioned to all districts maintaining Community Colleges, even if district aid equals or exceeds the foundation program.

Equalization Aid

Equalization aid is the difference between basic aid plus district aid and the foundation program. If the total of basic aid plus district aid does not equal the foundation program, the district receives additional financing from the State School Fund.

Small Community College District

Small Community College districts are those with less than 1,001 students in ADA, exclusive of defined adults, and are provided special consideration in school support formulas because of their size.

Census Day

The census day is the fourth Monday of the semester or quarter when student attendance is determined for state aid purposes. A factor is applied to account for student attrition during the balance of the semester or quarter.

State Aid Apportionments

The first apportionment is made in February on the basis of attendance reported by the fall census. The second apportionment is made in June on the basis of the attendance reported by the census of the spring semester average with the fall count to form the annual apportionment. Quarter system colleges report the fall, winter, and spring census counts to be averaged to determine the annual apportionment.

Computation of State Aid

Following are examples of results, on an ADA basis, when the state apportionment formula is applied to Community College districts of varying assessed valuations:

Apportionment Factors	District A	District B	District C
Average Daily Attendance	2,000	2,000	2,000
Assessed Valuation	$100,000,000	$300,000,000	$500,000,000
Assessed Valuation per ADA	50,000	150,000	250,000
Foundation Program per ADA	663	663	663
District Aid (A/V x 25¢) per ADA	125	375	625
Basic Aid per ADA	125	125	125
Equalization Aid per ADA	413	163	--
Budgeted Equalization Aid per ADA	16	16	--
State Apportionment per ADA (Basic + Equalization)	554	304	125

Following are examples of results when the state apportionment formula is applied to Community College districts of varying assessed valuation to determine state funds for defined adults:

Apportionment Factors	District A	District B	District C
Average Daily Attendance (Adults)	100	100	100
Assessed Valuation	$100,000,000	$300,000,000	$500,000,000
A/V per Regular ADA (2,000)	50,000	150,000	250,000
Foundation Program	540	540	540
District Aid (A/V x 24¢)	120	360	600
Basic Aid	125	125	125
Equalization Aid	295	55	--
Budgeted Equalization Aid per ADA	16	16	--
State Apportionment	436	196	125

District Tax Levies

General Purpose

Community College districts have a statutory maximum general purpose tax rate of 25¢ on each $100 of assessed valuation. Approval by a majority of the voters is required to exceed this tax rate. The tax rate, including the increase, becomes the maximum general purpose tax rate for the authorized period of the increase.

Special Purpose

Tax levies for special purposes may be levied in excess of the statutory maximum when the cost of these special purposes cannot be covered by revenue raised with the statutory maximum rate of 35¢. Special purpose tax funds may be used only for the specific purpose designated:

a. Community services (excess rate cannot exceed 5¢).

b. Certificated employees' retirement (excess rate cannot exceed 5¢).

c. State Employees' Retirement System for classified employees (no limit).

d. OASDI (Social Security) for classified employees (no limit).

e. Local share of funds for state-approved construction projects (no limit).

f. Employees' health and welfare benefits (no limit).

g. Adult education (excess rate cannot exceed 10¢).

Amount of State Apportionments

In 1958-59 the state apportioned $24,614,468 for 178,987 students in 56 districts maintaining Community Colleges; 1968-69, $105,465,390 for 417,774 students in 68 districts; 1970-71, $153,435,617 to 68 Community College districts for 515,383 students.

State Apportionments for Capital Outlay

In recognition of the growth needs of the Community Colleges in meeting their obligations under the Donahoe Higher Education Act, the Legislature in 1961 and 1962 established a Community College tax relief program for capital outlay purposes. Two sums of $5,000,000 each were appropriated for the program.

In 1963 the Junior College Facility Construction Act was adopted to meet interim needs of Community Colleges through 1964-65. This act provided $20,000,000 to be distributed to Community Colleges for capital outlay purposes.

The Junior College Construction Act of 1965 provided for a continuing program of state support to Community Colleges for facilities construction. The Act provided for computation of district entitlements, using factors of growth, effort, and district ability. The "average wealth district" received a state matching dollar for each local dollar, with wealthier districts receiving less and poorer districts receiving more than a state matching dollar for each local dollar. Entitlements were financed from $50,000,000 in state bonds approved by the electorate in 1964.

The Community College Construction Act of 1967 provides for state funds to be used on a project basis, the extent of the project governed by the projected enrollment growth. Districts are required to submit a ten-year capital construction plan, updated annually. State-local matching is the same as in the 1965 Act. Federal funds are deducted before state-local matching is determined. Provision is made for the district to levy a tax sufficient to raise the district's annual share of an approved project. On June 4, 1968, the electorate approved $65,000,000 in state bonds to provide the state's matching share. In addition, the Legislature provided $26.9 million for capital outlay projects in the 1969-70 State Budget. On November 7, 1972, the state electorate approved $160,000,000 in state bonds to provide state matching funds for capital outlay projects approved for the 1972-73, 1973-74, and 1974-75 fiscal years.

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(2/5/73)